

EXHIBIT ZZ

From: Miranda Johnson
To: David Barlow
Sent: 3/2/2018 10:40:49 PM
Subject: Fwd: EXT: RE: Suspicious Order Reports

Miranda Johnson
Director US Ethics & Compliance
Health and Wellness Practice Compliance
Office: 479-273-4124 Cell: 479-644-5873

Sent from my iPad

Begin forwarded message:

From: "Reaves, Irvin" <Irvin.X.Reaves@usdoj.gov>
Date: March 2, 2018 at 4:29:07 PM CST
To: Miranda Johnson <Miranda.Burris@walmart.com>
Cc: "Whisenand, Gary L." <Gary.L.Whisenand@usdoj.gov>
Subject: EXT: RE: Suspicious Order Reports

Thank you, I did get information regarding the changes Walmart will be undergoing concerning controlled substances distribution. I am sure DEA Policy will address Walmart's letter regarding suspicious orders soon. Thank you again for your clear communication with the Drug Enforcement Administration.

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From: Miranda Johnson [<mailto:Miranda.Burris@walmart.com>]
Sent: Friday, March 02, 2018 3:56 PM
To: Reaves, Irvin
Subject: Suspicious Order Reports

Mr. Reaves,

I wanted to provide some additional information related to the increased numbers of "suspicious order" reports that we

discussed. We are committed to working with DEA so we appreciate the opportunity to explain our current approach and future plans. I also wanted to bring to your attention Walmart's announcement today that it is transitioning its internal distribution of controlled substances from Walmart's distribution centers to a third party distributor, McKesson Corporation. We expect to transition all distribution of controlled substances from our Walmart distributor locations to McKesson over the course of the next several months. Given that McKesson will now distribute controlled substances to our stores, this will eliminate Walmart's reporting of any suspicious orders to DEA because Walmart will no longer be a distributor of controlled substances. Walmart will continue to keep your office, and any other affected DEA field division offices, apprised of our transition process.

Concerning the increased number of reports, the increase is based on two factors:

1. The first reason for the increase in the number of reported orders is due to Walmart's new algorithm-based SOMS. Walmart and its contractor spent several months developing a system that uses a state-of-the-art algorithm, based on various factors, including product type, store, order size, order pattern and frequency to identify orders that may need further review. This SOM system by its nature "holds" more orders than the prior SOMS, which results in more reports since we report all held orders as explained in detail below.
2. Walmart, acting on advice of our outside legal counsel, determined that it was required to increase order reporting. As you know, the United States Court of Appeals for the District of Columbia Circuit issued its Opinion in *Masters' Pharmaceutical Inc. v. DEA* (No. 15-1335 (D.C. Cir. 2017)), in June of 2017. The D.C. Circuit addresses at pages 4 and 5 of the *Masters* decision a "Reporting Requirement," which the court describes as "a modest requirement" where the registrant provides "basic information" about orders of unusual size, pattern or frequency, so that DEA "investigators in the field" can aggregate reports from every point along the legally regulated supply chain and use the information to identify "potential illegal activity." The orders that Walmart reports to your office as "suspicious" are orders that the Company's new algorithm-based system has "flagged" for a variety of reasons. After the algorithm-based Suspicious Order Monitoring System (SOMS) identifies certain orders, Walmart reviews the orders that it reports to DEA to dispel any potential "red flags," pursuant to the "Shipping Requirement" identified by the D.C. Circuit in *Masters*. (Slip Op. at 5). If Walmart is able to clear so-called "red flags" for the held order, it ships the order. If it is not able to clear the "red flag," the order is not shipped.

Based on our conversation, it is my understanding that you are requesting that Walmart only report orders that were not shipped, not all orders that were held by our SOMS. We would appreciate it if you would confirm that reporting only orders that were not shipped is consistent with DEA's expectation, and consistent with the reporting requirements in the *Master's* decision. We will then gladly adjust our reporting.

Thanks,

Miranda Johnson, JD

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